

Status of Report: Public

Meeting: Combined Fire Authority

Date: 20 June 2018

Subject: Draft Statement of Accounts and Annual Governance Statement 2017/18

Report By: The Treasurer

Author: Adam Stretton (Area Manager Finance and ICT)

For: Decision

1. Purpose

The purpose of this report is to provide the Combined Fire Authority (CFA) with an opportunity to view and comment upon the draft 2017/18 financial statements and Annual Governance Statement (AGS) and consider, in the light of the revised reporting timetable, how it wishes to deal with the sign-off of the Accounts and AGS.

2. Recommendations

The CFA is asked to:

- a) Consider the draft Statement of Accounts and Annual Governance Statement 2017/18 and recommend any changes it sees fit.
- b) Consider in the light of the revised timetable whether it wishes to:-
 - i) Convene a meeting of the CFA in July to sign off the accounts and AGS or
 - ii) Agree that the Corporate Governance Committee be given delegated authority within the Constitution to formally agree the Statement of Accounts and the Annual Governance Statement from 2017/18 onwards and authorise the Monitoring Officer to make the necessary constitutional amendments.

3. Executive Summary

- 3.1. The Accounts and Audit Regulations (2015) require that from the production of the accounts for the financial year 2017/18, the Treasurer is required to sign off the draft accounts by 31 May (previously this was 30 June) and the CFA is required to approve the audited accounts by 31 July (previously this was 30

September).

- 3.2. The current Constitution arrangements require that the CFA approve the accounts and that the Corporate Governance Committee has no powers in this regard.
- 3.3. Approval and ownership of the AGS is required at a corporate level. The draft AGS is published with the Statement of Accounts and complies with the CIPFA/SOLACE “Delivering Good Governance Framework” (2016).

4. Report Detail

- 4.1. The Accounts and Audit Regulations (England) 2015 state that the accounts (from 2017/18) must be published with the audit opinion and certificate and be approved by Members by 31 July. The draft Statement of Accounts were signed by the Treasurer and submitted to the external auditor (KPMG) on the 31 May 2018.
- 4.2. The draft set of 2017/18 accounts as distributed to KPMG are attached as **Appendix 1**. The draft accounts will be subject to review by KPMG before they conclude their audit opinion and Value for Money Risk assessment which will not be available until mid-July.
- 4.3. The current Constitution provides that the CFA should formally agree the accounts and AGS. However, the regulatory change to the accounts approval timeline means that this will not be practically possible for the 2017/18 accounts unless the CFA agrees to convene a special meeting in July.
- 4.4. The Corporate Governance Committee is scheduled to meet on 18 July 2018 and meetings of the Committee are normally held in July. Approval of the accounts at this meeting offers a practical solution to the revised timeline. If the CFA determines that this solution should apply for future years, it will be necessary to revise the Constitution to give the Corporate Governance Committee delegated authority to approve the accounts and AGS commencing from 2017/18. It should be noted that the CFA will remain able to approve the accounts and AGS should future changes to the meeting schedule be made, or should it wish to do so generally.
- 4.5. The Statement of Accounts for 2017/18 reflects the final revenue and capital outturn as reported elsewhere on the agenda, although differences in the reporting requirements and presentation may make a direct comparison difficult.
- 4.6. The Head of Internal Audit Service Annual Report and annual opinion on the overall adequacy and effectiveness of the control environment 2017/18, will be reported to the Corporate Governance Committee at its meeting of the 18 July 2018 and reflected in the final AGS.

5. Report Implications / Impact

5.1. *Legal (including crime and disorder)*

- a) The Accounts and Audit (England) Regulations 2015 (from 2017/18) require that the responsible financial officer (the Treasurer) certifies the initial Statement of Accounts within two months of the financial year end i.e. by 31 May. The Accounting Code of Practice on Local Authority Accounts largely dictates the format of the Statement of Accounts. The Statement of Accounts 2017/18 meets this statutory obligation. The Statement of Accounts and AGS must be published by 31 July together with any certificate or opinion entered by the auditor in accordance with section (20)2 of the Local Audit and Accountability Act 2014(a).
- b) There is a statutory requirement in England under the revised Accounts and Audit (England) Regulations 2015, for a Local Authority to conduct, at least once in each financial year, a review of the effectiveness of its system of internal control and overall corporate governance arrangements. This review requires the sources of assurance, which the CFA relies on, to be brought together and reviewed, from both a departmental and corporate view.

5.2. *Financial (including value for money, benefits and efficiencies)*

These are contained within the report and appendix.

5.3. *Risk (including corporate and operational, health and safety and any impact on the continuity of service delivery)*

- a) The Statement of Accounts is prepared in line with the final Revenue and Capital Outturn 2017/18 report. KPMG will commence their audit on the accounts over two and a half weeks in June and July with a view to ensuring that any changes necessary prior to the final publication of the Statement of Accounts will be reported and completed on time.
- b) The Accounts and Audit (England) Regulations 2015 require the approved AGS to accompany the Statement of Accounts.

5.4. *Staff, Service Users and Stakeholders (including the Equality Impact Assessment)*

- a) The arrangements and changes for the posts of Treasurer, Monitoring Officer and Chief Fire Officer are reflected within the AGS.

5.5. *Environmental*

Hard copies of the Annual Report (which will include the Statement of Accounts) are only produced on request. An electronic copy is available on the CFA's website.

5.6. ***Impact upon Our Plan Objectives***

- a) It is important to ensure that the budget set by the CFA reflects and enables progress to be made against the CFA's corporate objectives. The Medium Term Financial Plan for 2016/20 reflects the CFA's strategic plan, "Our Plan". It also reflects national and regional strategies and policies at the time of issue.
- b) One of the CFA's corporate aims is achieving excellence in managing our Service. This is underpinned by the objective of efficiency and provision of a Value For Money service. The production of the AGS supports both the aim and objective.

6. **Background Papers**

- a) External Audit Plan 2017/18 (Corporate Governance Committee Report – 14 March 2018)
- b) Final Outturn 2017/18 (CFA Report – 20 June 2018)

7. **Appendices**

- 1. Draft Combined Fire Authority 2017/18 Statement of Accounts and Annual Governance Statement